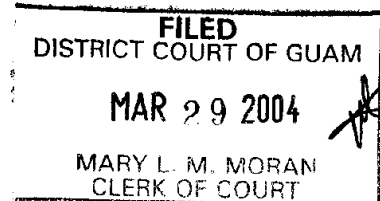


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Attorneys for Plaintiffs Alan Sadhwani, et al.

**IN THE UNITED STATES
DISTRICT COURT OF GUAM**

**ALAN SADHWANI, LAJU
SADHWANI, and K. SADHWANI'S
INC., a Guam corporation,**

Plaintiffs,

vs.

**HONGKONG AND SHANGHAI
BANKING CORPORATION, LTD., a
Foreign corporation,
JOHN DOE I through JOHN DOE X,**

Defendants.

) CIVIL CASE NO. 03-00036
)
) **DECLARATION OF ANITA P.**
) **ARRIOLA IN SUPPORT OF**
) **PLAINTIFFS' EX PARTE**
) **APPLICATION FOR ISSUANCE OF**
) **LETTER OF REQUEST TO TAKE**
) **DEPOSITIONS OF MAGNUS MONTAN**
) **AND CHRISTOPHER PAGE IN HONG**
) **KONG; CERTIFICATE OF COUNSEL**
) **(L.R. 16(j)(1))**
)
) **Discovery Deadline: June 8, 2004**
) **Trial Date: September 21, 2004**

ANITA P. ARRIOLA declares:

1. I am an attorney for plaintiffs Alan Sadhwani, et al. in the above-captioned matter.

I make this Declaration in support of Plaintiffs' Ex Parte Application for Issuance of Letter of Request to Take Depositions of Magnus Montan and Christopher Page in Hong Kong. I have personal knowledge of the facts contained herein.

2. Attached hereto as Exhibit 1 is a true and correct copy of defendant HongKong and Shanghai Banking Corporation, Ltd.'s ("HSBC") Supplemental FRCP 26(a) and LR 26.2 Disclosures.

ORIGINAL

3. Attached hereto as Exhibit 2 is a true and correct copy of a letter dated March 1, 2004 from me to Richard Pipes requesting whether HSBC will produce voluntarily certain witnesses for their depositions.

4. Attached hereto as Exhibit 3 is a true and correct copy of a letter dated March 2, 2004 from HSBC's counsel Jacques Bronze to me in which Mr. Bronze refused to produce HSBC witnesses voluntarily and further refused to stipulate to a letter of request for the depositions of such witnesses.

5. The evidence sought in the depositions of Messrs. Montan and Page is essential to the trial in this proceeding, is intended to be given at trial, and will be admissible at trial. One of the central issues in the case is whether HSBC, by and through its employees, breached the loan workout agreement with plaintiffs by selling the Loan to Paradise Marine Corporation. I have reviewed numerous documents produced by HSBC and Paradise Marine Corporation in this case and they indicate that Magnus Montan and Christopher Page are employees at HSBC Hong Kong who were involved in the decision to sell the Loan to Paradise Marine Corporation. They were also involved in the negotiations for the sale of the Loan. Messrs. Montan and Page will be examined on, among other things, their education and employment background, their actions and course of conduct in the decision to sell the Loan to Paradise Marine Corporation, and their negotiations in the sale of the Loan.

6. The discovery deadline in this case is June 8, 2004 and it is unknown how long it will take for the appropriate Judicial Authority in Hong Kong to issue an Order authorizing the depositions of Messrs. Montan and Page. Accordingly, I respectfully request, on behalf of the plaintiffs, that this Court act expeditiously in hearing and granting Plaintiffs' Ex Parte Application

for Issuance of Letter of Request to Take Depositions of Magnus and Montan and Christopher Page in Hong Kong.

7. The opposing counsel in this case is Jacques Bronze. I advised Mr. Bronze of this ex parte application by letter dated March 29, 2004. A true and correct copy of the letter is attached hereto as Exhibit 4. Mr. Bronze has indicated that he does not oppose the application but reserves all rights and defenses, and he has requested to be present when the application is presented to the court.

I declare under penalty of perjury under the laws of Guam and the United States that the foregoing is true and correct.

Dated this 29th day of March, 2004.


ANITA P. ARRIOLA

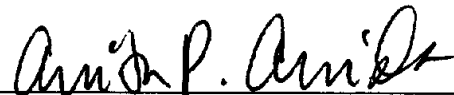
ARRIOLA, COWAN & ARRIOLA, HAGATNA, GUAM 96910

CERTIFICATE OF SERVICE

I, ANITA P. ARRIOLA, hereby certify that on March 29, 2004, I caused to be served via hand delivery, a **DECLARATION OF ANITA P. ARRIOLA IN SUPPORT OF PLAINTIFFS' EX PARTE APPLICATION FOR ISSUANCE OF LETTER OF REQUEST TO TAKE DEPOSITIONS OF MAGNUS MONTAN AND CHRISTOPHER PAGE IN HONG KONG; CERTIFICATE OF COUNSEL (L.R. 16(j)(1))** to:

**Jacques A. Bronze, Esq.
Bronze & Tang, P.C.
2nd Floor, BankPacific Building
825 S. Marine Drive
Tamuning, Guam 96913**

Dated this 29th day of March, 2004.



ANITA P. ARRIOLA

ARRIOLA, COWAN & ARRIOLA, HAGATNA, GUAM 96910

LAW OFFICES OF BRONZE & TANG

A Professional Corporation
BankPacific Building, 2nd Floor
825 South Marine Drive
Tamuning, Guam 96913
Telephone: (671) 646-2001
Facsimile: (671) 647-7671

Law Offices
ARRIOLA, COWAN, ARRIOLA

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Attorneys for Defendant
Hongkong and Shanghai Banking Corporation, Ltd.

DISTRICT COURT OF GUAM

ALAN SADHWANI, LAJU
SADHWANI, and K. SADHWANI'S
INC., a Guam corporation,

Plaintiffs,

v.

HONGKONG AND SHANGHAI
BANKING CORPORATION, LTD.,
et al.,

Defendants.

CIVIL CASE NO. 03-00036

DEFENDANT HONGKONG
AND SHANGHAI BANKING
CORPORATION, LTD.'S
SUPPLEMENTAL FRCP 26(a)
AND LR 26.2 DISCLOSURES

Pursuant to Fed. R. Civ. Pro. 26(a) and LR 26.2, Defendant Hongkong and Shanghai Banking Corporation, Ltd. ("HSBC"), makes the following disclosures:

A. Persons known or believed might have substantial relevant discoverable information:

- Mr. Chris Underwood
Hongkong and Shanghai Banking Corporation, Ltd.
436 S. Marine Drive
Tamuning, Guam 96913
Telephone No.: (671) 647-8536

Summary of Information: Mr. Underwood as Deputy CEO of HSBC Guam and Saipan will likely testify regarding his negotiations with Paradise Marine Corporation for the sale of the KSI loan. He will also likely testify regarding his oral discussions with the principal of KSI, Mr. Sadhwani.

- Mr. Fred Granillo
Hongkong and Shanghai Banking Corporation, Ltd.
436 S. Marine Drive
Tamuning, Guam 96913
Telephone No.: (671) 647-8528

Summary of Information: Mr. Granillo as Assistant Vice President of Credit Control at HSBC Guam will likely testify about his oral or express statements, if any, to KSI regarding HSBC's request that KSI provide a written plan on how it will pay HSBC on the loan's maturity date which was August 31, 2003.

- Mr. Stephen J. Grantham
Tripple J Motors
157 S. Marine Drive
Tamuning, Guam 96913
Telephone No.: (671) 649-6555 ext. 239

Summary of Information: Mr. Grantham as a former Senior Vice President for Corporate Banking at HSBC Guam's office will likely testify to any financial matter related to KSI's account during the time he was the account manager.

- Mr. Magnus Montan
c/o HSBC
1 Queens Road Central
Hong Kong
SAR
Telephone No.: (852) 2822-2528

Summary of Information: Mr. Montan as Relationship Manager for Credit and Risk Management at HSBC Hong Kong will likely testify regarding his involvement in the negotiations of the sale of the KSI loan to Paradise Marine Corporation.

- Mr. Lawrence M. Zhang
1011 Foster St.
Alameda, CA 94502
Telephone No.: (310) 521-4631

Summary of Information: Mr. Zhang as the former Vice President of Credit and Risk Management at HSBC Guam will likely testify about his oral or express statements, if any, to KSI regarding HSBC's request that KSI provide a written plan on how it will pay HSBC on the loan's maturity date which was August 31, 2003.

- Mr. Christopher Page
c/o HSBC
1 Queens Road Central
Hong Kong
SAR
Telephone No.: (852) 8222-1232

Summary of Information: Mr. Page as Senior Manager for Credit and Risk at HSBC Hong Kong will likely testify regarding his involvement in the negotiations of the sale of the KSI loan to Paradise Marine Corporation.

- Mr. Chris Felix
Century 21 Realty Management Company
701 S. Marine Drive
Tamuning, Guam 96913
Telephone No.: (671) 647-5003

Summary of Information: Mr. Felix as President of Century 21 Realty Management Company will likely testify regarding the services his company provided to KSI in reference to any sale or lease of KSI's assets which was collateralized for the loan from HSBC.

- Mr. Hee K. Cho
4032 Wilshire Blvd., #404
Los Angeles, CA 90010
Telephone No.: (323) 932-1200

Summary of Information: Mr. Cho will likely testify regarding his offer to purchase one of KSI's real property collateral, which was secured to the loan from HSBC.

- Mr. Ralph McLean
Lud Valley
R.D. 1
Hirai Nelson
New Zealand
Telephone No.: UNKNOWN

Summary of Information: Mr. McLean as a former HSBC Manager will likely testify regarding his duties in reference to the KSI loan account during his term of employment with HSBC Guam office.

- Mr. Lee H. Vensel
Deloitte & Touche LLP
361 S. Marine Drive
Tamuning, Guam 96913
Telephone No.: (671) 646-3884 ext. 201

Summary of Information: Mr. Vensel as the auditor of KSI will likely testify to the financial condition of KSI should its financial condition be an issue in the case.

- Ms. Cristina Carpio
4204 Glennwood Drive
Killeen, TX 76542
Telephone No.: (254) 690-9261/4224

Summary of Information: Ms. Carpio as a former Credit Assistant at HSBC Guam may testify regarding her involvement and duties in reference to the KSI loan account during her term of employment at HSBC.

- Ms. Barbara Gayle
1055 Cordoba Way
Vista, CA 92081
Telephone No.: (760) 597-9406

Summary of Information: Ms. Gayle as a former Credit Assistant at HSBC Guam may testify regarding her involvement and duties in reference to the KSI loan account during her term of employment at HSBC.

- Mrs. Florence Celeste
P. O. Box 94
East Boston, MA 02128
Telephone No.: (857) 222-8958

Summary of Information: Ms. Celeste as a former Assistant Vice President of Credit at HSBC Guam will likely testify regarding her duties in relation to the KSI loan account during her term of employment with HSBC.

- Mr. Anthony G. Wise
c/o HSBC
Private Bag X951
Houghton 2041
South Africa
Telephone No.: 27-11-981-4444

Summary of Information: Mr. Wise as Vice President of Corporate Banking at HSBC Guam will likely testify regarding the performance of his duties in relation to the KSI loan account during his term of employment with HSBC Guam.

/ / /

/ / /

- Mr. Guy Priestley
c/o HSBC
GPO Box 121,
G/F Shaheen Commercial Complex,
M R Kayani Road
Karachi, Pakistan
Telephone No.: 92-21-2630380

Summary of Information: Mr. Priestley as the former CEO of HSBC Guam and Saipan will likely testify regarding the substance of his meeting with KSI's principal, Mr. Sadhwani in early 2003 and any resulting actions taken by HSBC arising from that meeting.

- Mr. Edwin Ching
330 Hernan Cortez Avenue
Suite 200
Hagåtña, Guam 96910
Telephone No.: (671) 472-8868

Summary of Information: Mr. Ching as the attorney for Paradise Marine Corporation may testify regarding the substance of the negotiations between HSBC and Paradise Marine Corporation.

- Mr. Joseph K. Fang
Address: UNKNOWN
Telephone No.: UNKNOWN

Summary of Information: Mr. Fang as a principal of Paradise Marine Corporation will likely testify regarding the negotiations between his company and HSBC for the purchase of the KSI loan.

- Mr. Patrick B. Oliva
First Hawaiian Bank, Maite Branch
400 Route 8
Mongmong, Guam 96910
Telephone No.: (671) 475-7853

Summary of Information: Mr. Oliva as a Loan Officer for First Hawaiian Bank will likely testify regarding his preparation of the Letter of Indication dated August 5, 2003 to KSI's principal, Mr. Sadhwani and his subsequent Letter of Denial.

- Mr. John Lee
First Hawaiian Bank, Maite Branch
400 Route 8
Mongmong, Guam 96910
Telephone No.: (671) 475-7900

Summary of Information: Mr. Lee as President\General Manager of First Hawaiian Bank will likely testify regarding any involvement in the loan application of KSI.

- Ms. Laura Lynn Dacanay
First Hawaiian Bank, Maite Branch
400 Route 8
Mongmong, Guam 96910
Telephone No.: (671) 475-7900

Summary of Information: Ms. Dacanay as Vice President of First Hawaiian Bank will likely testify regarding any involvement in the loan application of KSI.

Alan Sadhwani, et al. v. Hongkong and Shanghai Banking Corporation, Ltd., et al.

Civil Case No. CV03-00036

DEFENDANT HONGKONG AND SHANGHAI BANKING CORPORATION, LTD.'s SUPPLEMENTAL

FRCP 26(a) and LR 26.2 DISCLOSURES

Page 9

DATED this 9th day of February 2004.

LAW OFFICES OF BRONZE & TANG
A Professional Corporation

By: _____

JACQUES G. BRONZE

*Attorneys for Hongkong and Shanghai
Banking Corporation, Ltd.*

Law Offices

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Jacqueline T. Terlaje

March 1, 2004

VIA FACSIMILE: (671) 647-7671

Richard A. Pipes, Esq.
Law Offices of Richard A. Pipes
Guam Savings & Loan Building
Suite 201, 825 S. Marine Drive
Tamuning, Guam 96911

**Re: Sadhwani et al. v. Hongkong Shanghai Banking Corporation, Ltd., et.al.
District Court of Guam, Civil Case No. CV03-00036**

Dear Richard:

This is a follow-up to our telephone conversation of February 27, 2004 and in response to your letter of March 1, 2004.

With regard to the off-island witnesses identified in your Supplemental Initial Disclosures, we would like to depose Magnus Montan, Lawrence Zhang, Christopher Page, Hee K. Cho, and Guy Priestley.

We would consider deposing Montan, Page and Priestley in Hong Kong. Please let me know if you will agree to produce them voluntarily for their depositions.

Please inform me if you are taking the position that you represent witnesses Zhang, McLean, Carpio, Gayle, Celeste, or Wise.

In the event that it is necessary to obtain letters rogatory for any of the off-island witnesses identified in your Supplemental Initial Disclosures, please let me know whether you will stipulate to such letters rogatory.

Thank you for your attention to this matter.

Very truly yours,


ANITA P. ARRIOLA

FAXED
3/10/04

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A PROFESSIONAL CORPORATION
BANKPACIFIC BUILDING, 2ND FLOOR
825 SOUTH MARINE DRIVE
TAMUNING, GUAM 96913

JACQUES G. BRONZE
JERRY J. TANG

TELEPHONE: (671) 646-2001
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March 2, 2004

VIA: FACSIMILE
(671) 477-9734

Anita P. Arriola, Esq.
ARRIOLA, COWAN & ARRIOLA
Suite 201, C&A Professional Bldg.
259 Martyr Street
Hagåtña, Guam 96910

Re: Sadhwani, et al. v. HSBC, et al.; Civil Case No. 03-00036

Dear Anita:

I am in receipt of your letter dated March 1, 2004 addressed to Richard Pipes. I want to note for the record that only Magnus Montan, Christopher Page, Guy Priestley and Anthony Wise are currently officers in the employment of HSBC P.L.C.. HSBC has no control over all these other former employees identified in your letter. Please be also advised that Mr. Hee K. Cho has never been an officer of HSBC, but rather was one of the individuals who had made an offer to purchase the property of your client. To the extent that you still wish to depose Mr. Cho, HSBC has no problem with that.

To the extent that you wish to engage in foreign discovery such as deposing Messrs. Montan, Page and Priestley, HSBC would require you to comply with the procedures as set forth in FRCP 28(b). To the extent that FRCP 28(b)(2) requires that the parties file a Letter of Request, then your client will have to undertake such steps since HSBC will not stipulate to the Letter of Request. I want to also note for the record that Mr. Priestley is not employed by HSBC in Hongkong, but rather by HSBC Pakistan where he is the Country Manager. Thus, any Letters of Request would have to be processed taking the above into consideration.

In regards to the fourth sentence of your letter, it is not clear what you mean. This office represents HSBC and to the extent that you are seeking to depose current officers of HSBC regarding the substance of this lawsuit, then this firm will be defending such depositions. To the extent that you wish to



PS- 2-04; 4:30-M; BRONZE 7PTES LAW
Anita P. Arriola, Esq.
ARRIOLA, COWAN & ARRIOLA
March 2, 2004
Page 2

depose former employees of HSBC, HSBC has no control over them, but should you be successful in getting their cooperation for a deposition, HSBC is entitled to notice and will likely attend the depositions.

Since Mr. Cho and Mr. Lawrence M. Zhang are witnesses in the U.S., please advise if you have any target date in March to conduct such depositions since I am in the process of planning a two-week trip the first part of April to visit an ailing parent.

I also want to depose Mr. Christopher Felix in the next few weeks, please provide me with a few dates which you are available to attend the deposition.

Please feel free to contact me if you have any questions regarding the above matter.

Best regards,


JACQUES G. BRONZE

cc: Chris Underwood

JGB:rc

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Jacqueline T. Terlaje

March 29, 2004

VIA FACSIMILE: (671) 647-7671

Jacques G. Bronze, Esq.
Bronze & Tang, P.C.
2nd Floor, BankPacific Building
825 S. Marine Drive
Tamuning, Guam 96913

**Re: Sadhwani et al. v. Hongkong Shanghai Banking Corporation, Ltd., et.al,
District Court of Guam, Civil Case No. CV03-00036**

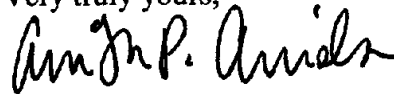
Dear Jacques:

This is to inform you that I intend to file an ex parte application today in support of the issuance of a Letter of Request to take the depositions of Magnus Montan and Christopher Page in Hong Kong.

Enclosed please find the Ex Parte Application; Declaration of Anita P. Arriola and Certificate of Counsel; and [Proposed] Letter of Request to Take Depositions of Magnus Montan and Christopher Page in Hong Kong. The attachments to the [Proposed] Letter of Request will be served on you and filed with the Court under seal, as required by the Stipulated Protective Order Governing Discovery.

Based upon your March 2, 2004 letter to me regarding this matter, I assume that you will oppose the application and that you wish to be present at a hearing on this matter. If this assumption is incorrect, please contact me before 11 a.m. today. Otherwise, I will file my Certificate of Counsel in the enclosed form.

Very truly yours,


ANITA P. ARRIOLA

Enclosures



FAXED
3/29/04